

**MINUTES OF THE
NATURAL RESOURCES APPROPRIATIONS SUBCOMMITTEE
January 26, 2006
Room W130, West Office, Building, State Capitol Complex**

MEMBERS PRESENT: Rep. Bradley T. Johnson, Co-Chair
Sen. Parley Hellewell
Rep. Carl W. Duckworth
Rep. Ben C. Ferry
Rep. Kerry W. Gibson
Rep. James R. Gowans
Rep. Rebecca Lockhart
Rep. John G. Mathis
Rep. Ronda R. Menlove
Rep. Michael E. Noel

MEMBERS ABSENT: Sen. Tom Hatch, Sen. Mike Dmitrich, and Sen. Beverly Evans.

STAFF: Ivan Djambov, Fiscal Analyst
Cindy Hopkin, Committee Secretary

SPEAKERS: Larry Anderson, Dir. Division of Water Resources; Ivan W. Flint, Chair Water Resources Board; and Jerry Olds, State Engineer and Dir. Division of Water Rights.

Note: A list of visitors and a copy of handouts are filed with the committee minutes.

Rep. Johnson called the meeting to order at 2:10 p.m.

Rep. Johnson stated that Sen. Hatch is out of town and has an excused absence. Rep. Johnson had to leave for part of the meeting and asked Rep. Gowans as senior member of the committee to act as Co-chair during that time.

The Fiscal Analyst presented the budget requests for the Division of Water Resources. Their staff assures the orderly planning, development and protection of Utah's water. They accomplish this through conservation, planning and financial assistance programs.

In the last few years the division has performed several major studies which have indicated that there will be a need for monies for future water development. These needs fall in the following categories:

- ◄ Development of new large water projects, such as Bear River development and Lake Powell pipeline.
- ◄ Replacing aging water facilities, much of which are over 50 years old.
- ◄ Population growth, which increases demand for water.
- ◄ Water conservation, which requires efforts to educate the public, and funding to construct the physical facilities that will enable better utilization of the existing water supply.

The division works cooperatively with US Geological Survey to operate and maintain stream gauges, which provide data for river basin models and are necessary to keep an accounting of the state's water supply. Budget cuts and increasing operating costs have resulted in reduction of the number of stream gauges. To restore 10 gauges that were cut and to ensure that no essential gauges will be cut, the division is requesting for FY 2007 an ongoing appropriation of \$78,600 from the General Fund. The analyst recommends for FY 2007 the Committee provide \$78,600 one-time General Funds through reallocation of base budgets.

Larry Anderson, Dir. Division of Water Resources introduced Ivan Flint, Chairman Water Resources Board and invited him to speak. Mr. Flint spoke about the importance of funding for the Bear River and Lake Powell pipeline projects.

Dir. Anderson requested that the \$78,000 presented by the Fiscal Analyst be ongoing rather than one time funding for stream gauges.

To date the Division of Water Resources Board has provided almost \$482 million in total funding to invest in 1,255 projects through the Revolving Construction Fund, the Conservation & Development Fund, and the Cities Water Loan Fund. The total cost of those projects was \$1.3 billion. The division has had local cost sharing for the other \$825 million, with the counties reimbursing the Board for the 1/3 of the cost they invested. From 1947 to 2006 the Board has received over \$241 million in appropriations to use for the revolving fund to help with those 1,255 projects. Those projects are as follows: 22 dam safety construction projects, 120 dams (built, repaired, or enlarged), 50 diversion dams, 64 wells, 146 canals and canal linings, 885 pipelines, 212 sprinkler systems, 86 dual water systems, 418 municipal and domestic systems, and 52 miscellaneous other projects.

The Legislature has appropriated over \$41 million for dam safety construction grants to the Board's Revolving Construction Fund. The Board has adopted guidelines for making grants to dam owners whose dams require upgrades as a result of the 1990 Dam Safety Act. The Board will provide at least 80% of the cost of upgrades for dam owners that are political subdivisions of the state, water user association, or nonprofit water companies. A list was provided in the division's handout of the dams that have been upgraded and now meet state requirements, that are currently being upgraded, or are scheduled for upgrading within the next two years.

There is an increase of 8% to 20% in precipitation in various areas of the state from the Division of Water Resource's Cloud Seeding Programs; and they have much of the state currently being cloud seeded. This program has been ongoing for about 30 years.

Since 1995 the division has recorded about a 17% reduction in per capita water use in the state. In 2000 the Division of Water Resources started the governor's water conservation team and set a goal to have a 25% reduction in water use; between then and now there has been about a 12% reduction in per capita water use. Those numbers include the increase in state population. The

state continues to reduce per capita water use, not at the rate of earlier years, but neither has there been a return to pre drought water usage. To meet our future water needs in the state, however, we need to continue water conservation and to have a 25% reduction in water use across the state. The conservation team is educating communities and citizens about issues such as the amount and frequency of watering lawns to prevent water waste and landscape options that use less water.

Rep. Lockhart addressed the issue of conservation and zoning issues in cities where there are covenants requiring a certain percentage of lawn.

Dir. Anderson stated that the conservation team is made up of the large water conservancy districts in the state such as Jordan Valley, Weber Basin, Washington County, and Metropolitan District. They are attempting to work with individual communities to accomplish their goals. All cities are required to submit a state water conservation plan and about 85% of the cities that are required to do this (cities with over 500 connections) have done so.

The division holds workshops in various locations throughout the state and invites cities to send their water people or city councilmen to attend. The workshops provide information and options about ordinances and water conservation. Some of the communities that have had sufficient water to meet their needs for the past 50 years or so, are more reluctant to buy into the concept of water conservation, but the division is attempting to educate everyone about the importance of water conservation. The division has a web page that cities can look at showing landscaping options and ordinances they can adopt.

The division has done public surveys and the results show that many people are very supportive of water conservation and there have been complaints that their cities are not doing enough in regards to water conservation.

Rep. Mathis commented that there are some cities that have found it necessary to bond in order to build water projects. They depend on the water rate and usage to pay back these bonds.

Dir. Anderson responded that the division tries to work with communities with that situation to help them adopt a different water rate structure which will enable them to pay back their bonds. This is difficult because if you reduce your water use by 20%, you still have to have as much revenue to pay back the bonds, so rates have to go up. In effect people are paying the same amount to use less water.

Rep. Mathis added that those communities have the additional problem that when they try to develop other water projects such as sewer improvements; they are penalized because they do not have an adequate conservation plan in place so they don't qualify for further funding.

Dir. Anderson further stated that our conservation programs affect the state when there is a need

to build large water projects because we need to get federal permits to do this. The federal agencies issuing those permits will look at the state's water conservation programs and water usage in their decisions regarding the permits.

Rep. Noel asked about the possibility of the state doing its own testing and water gauging instead of working with USGS because of the expense involved. He suggested working with the entities that have the greatest need for the data such as Washington or Kane County water services. The state is already doing water quality monitoring for those areas in conjunction with the federal government; we have a contract with them and they pay us to do their studies, but the cost for stream gauge data is extremely expensive.

Rep. Noel suggested that we could have the individual who does those studies also monitor the stream gauges for the area so there isn't another person coming out from Salt Lake for that purpose.

Dir. Anderson responded that USGS pays half of that cost and the state pays the other half for the stream gauging so the state would need to create an entity to buy the stream gauges, install them, operate and read them for half of the total amount. He feels that there are individual areas in the state where it would be cost effective and make sense to do that, but there are other places where it would not work well. The USGS is good to use because of their quality control, but we would not have to do that in every case. When the Division of Water Resources has to eliminate a gauge in an area, they let that district know about it so they have the option to pick it up, work through the division, and fund the cost of that gauge if the data is important to the area.

The fiscal analyst presented the budget requests for the Division of Water Rights. The division is directed and administered by the State Engineer and is responsible for the general administrative supervision of the water of the state and the measurement, appropriation, apportionment, and distribution of those waters. As part of its duties the division oversees dam safety, stream channel alterations and water well drilling. It is the only division in the DNR that does not have an oversight board.

To update the water delivery system the Legislature appropriated from the General Fund for FY 2005 a supplemental appropriation of \$100,000, and for FY 2006 a one-time appropriation of \$106,000. The division is requesting for FY 2006 a supplemental appropriation of \$250,000 from the General Fund and for FY 2007 an on-going appropriation of \$105,000 from the General Fund.

The Analyst recommends the Committee provide funding through reallocation of base budgets, for FY 2006 a supplemental appropriation of \$250,000 from General Fund and for FY 2007 a one-time appropriation of \$105,000.

Jerry Olds, State Engineer/Director Division of Water Rights presented an overview of the division and their budget requests. To be able to process water right applications quickly and to

have the certificates of beneficial use of water issued within six months from when a water related project is completed, the division has moved two additional staff into Applications & Records Section, developed lists of the backlog of water right applications for tracking purposes, developed a classification system for water right applications, and examined their handling of proof of beneficial use to improve the process. The division is required to issue 20-22 decisions per day. Some are simple one page decisions while others are highly contested 10 page decisions.

The Utah Geological Survey has an ongoing funding request for Groundwater Studies of \$122,600 which would also benefit the Division of Water Rights. The division has a cooperative program to conduct water resource investigative studies in conjunction with UGS, USGS, water districts, and local water users. It is imperative they have reliable and sound data upon which to base the many decisions the state engineer is required to make each day.

An adjudication of water rights is an action in a district court to determine the water rights on the source or in the area involved in the action. The State Engineer is a party to the action with the statutory responsibility to prepare a proposed determination of water rights (PDET) which serves as the basis for the court's decree on the water rights in the area. This next year the Adjudication Team will focus on finishing Bear River Basin, Castle Valley, Birdseye and Tooele Valley. The division will be working to resolve the federal reserved water rights.

The division would like the \$105,000 (and the funding for cost-share with the water users of about \$30,000) which is a one-time appropriation to be on-going, but they understand the concerns about having the appropriation as on-going funding. There is also a request for a supplemental appropriation of \$250,000 and it is the division's hope to obtain that funding and then use it as their cost share as they work with the water users on the systems throughout the state.

MOTION: Sen. Hellewell moved to adjourn the meeting at 3:40 p.m. The motion passed unanimously with Sen. Hatch, Sen. Dmitrich and Sen. Evans absent for the vote.

